

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 ACDA-19 CIAE-00 INR-11 IO-14 L-03

NSAE-00 NSC-07 RSC-01 SCI-06 FEA-02 SAJ-01 SS-20 EB-11

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R 061723Z AUG 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7327

INFO AEC GERMANTOWN 1265

LIMITED OFFICIAL USE EC BRUSSELS 5955

AEC PASS RUBIN

E.O. 11652: N/A

TAGS: EEC, ENRG, TECH

SUBJECT: AEC ENRICHMENT CONTRACTING

REF: A. EC BRUSSELS 5911

B. STATE 169743

C. STATE 169744

1. AS A FOLLOW-UP TO THE MISSION'S MEETING WITH COMMISSION OFFICIALS ON AUGUST 5 (REFTEL A), DIRECTOR OF EURATOM SUPPLY AGENCY OBOUSSIER CALLED A MEETING WITH MISSION OFFICIALS AT WHICH HE HANDED OVER A LETTER CONTAINING SPECIFIC QUESTIONS ABOUT THE US ENRICHMENT SUPPLY PROGRAM AND PRESIDENTIAL STATEMENT. THE MISSION RECOGNIZES THAT MANY OF THESE QUESTIONS MAY BE ANSWERED BY THE AEC ANNOUNCEMENT, BUT WE BELIEVE IT UNLIKELY THAT ALL WILL BE. OBOUSSIER IS ANXIOUS TO HAVE ANSWERS ASAP SINCE HE IS CONFIDENT THESE ARE THE QUESTIONS THAT WILL BE PUT TO THE SUPPLY AGENCY BY ITS CLIENTS AS SOON AS THEY LEARN OF THE DECISION.

2. TEXT OF OBOUSSIER'S QUESTIONS FOLLOWS: BEGIN TEXT:

1) IT IS STATED THAT SOME OF THE CONTRACTS WILL, ON AN INTERIM  
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BASIS, BE OF A CONDITIONAL NATURE AND DEPENDENT ON AEC APPROVAL

OF THE USE OF PLUTONIUM AS FUEL.

A) IF THE CONDITION (PU-RECYCLING) IS FULFILLED IN DUE TIME (JUNE 30, 1975), WILL THE CONTRACT BECOME DEFINITE AND UN-CONDITIONED? END TEXT. COMMENT: WHAT OBOUSSIER HAS ON HIS MIND IS WILL THE NEW CONTRACT REVERT TO THE LANGUAGE IN THE STANDARD CONTRACT. END COMMENT.

BEGIN TEXT: B. WILL THE CONTRACT STILL BE TERMINATED IF PRIVATE INDUSTRY COMES INTO BUSINESS? END TEXT. COMMENT: WILL THE LANGUAGE THAT APPEARS IN THE STANDARD CONTRACT REGARDING PRIVATE INDUSTRY BE RETAINED IN THE CONVERTED CONTRACT? END COMMENT.

BEGIN TEXT: C. ARE OTHER CONDITIONS (FOR EXAMPLE INCREASE OF TAILS ASSAY) EXCLUDED OR STILL POSSIBLE? END TEXT. BEGIN COMMENT: MISSION OFFICIALS TOLD OBOUSSIER THAT INCREASE OF TAILS ASSAY WAS STILL BEING CONSIDERED, BUT THAT THIS WOULD NOT BE SUFFICIENT TO COMPLETELY SATISFY DEMAND. END COMMENT.

BEGIN TEXT: D. IF PU-RECYCLING IS NOT APPROVED, IS THERE AN ADVANCE NOTICE FOR TERMINATION?

E. WILL, IN CASE OF TERMINATION, THE AEC SUPPLY UNTIL OTHER ENRICHMENT FACILITIES (EITHER GOVERNMENT OR PRIVATE) COME INTO OPERATION? END TEXT. COMMENT: THIS WAS A MAJOR AREA OF CONCERN OF OBOUSSIER. IT IS HIS HOPE THAT THE PRESIDENTIAL GUARANTEE IS AN INDICATION THAT THE US WOULD BE PREPARED FOR EXAMPLE TO USE PREPRODUCTION SOURCES TO COVER THE GAP UNTIL ALTERNATE SUPPLY CAN BE OBTAINED. END COMMENT.

BEGIN TEXT: 2) THE STATEMENT DECLARES FIRMLY THAT ALL CONTRACTS WILL BE FULFILLED IN ANY EVENT.

A. HOW IS THIS COMPATIBLE WITH YOUR ORAL EXPLANATION THAT THE CONTRACTS WOULD BE TERMINATED IN CASE OF NON-AUTHORIZATION OF PU-RECYCLING? END TEXT. COMMENT: IN EXPLAINING ON AUGUST 5 THE SIGNIFICANCE OF THE PRESIDENT'S STATEMENT, MISSION OFFICIALS EMPHASIZED THAT THE PRESIDENT WAS COMMITTING THE USG TO SATISFYING THE REQUIREMENTS AND THAT A NUMBER OF POSSIBILITIES EXISTED INCLUDING NEW PRIVATE SUPPLY. MISSION LIMITED OFFICIAL USE

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OFFICIALS REEMPHASIZED THIS POINT. END COMMENT.

BEGIN TEXT: B. DOES THE FULFILLMENT FROM US SUPPLY SOURCES INCLUDE PRIVATE ENRICHMENT FACILITIES?

C. WHAT IS THE NATURE OF THE ASSURANCE WITH REGARD TO PRIVATE INDUSTRY COMING INTO OPERATION ON A TIMELY BASIS, I.E., AT THE MOMENT THE CUSTOMER NEEDS ENRICHED PRODUCT?

D. IS THE CUSTOMER OBLIGED TO GO TO A PRIVATE US ENRICHMENT PLANT, OR CAN HE GO ELSEWHERE?

3) THE GOVERNMENT IS PREPARED TO ASSIST PRIVATE INDUSTRY IN THEIR EFFORTS TO BUILD ENRICHMENT CAPACITY.

A. IS THIS ONLY A FINANCIAL ASSISTANCE OR SUPPORT?

B. ARE THERE OTHER TYPES OF ASSISTANCE AS: GUARANTEE OF PERFORMANCE; GUARANTEE FOR MEETING DELIVERY; SCHEDULE AND SPECIFICATIONS; GUARANTEE FOR REASONABLE ECONOMIC CONDITIONS?

4) THE NON-DISCRIMINATORY ACCESS TO PRIVATE ENRICHMENT FACILITIES, IS IT PART OF THE "ASSISTANCE" MENTIONED ABOVE? WILL AEC CONTINUE TO SUPPLY IF DISCRIMINATION BY A PRIVATE ENRICHMENT FACILITY IS PROVEN? WHAT ARE THE OTHER GUARANTEES AGAINST DISCRIMINATION? HOW WILL "RELIABILITY IN SUPPLY" OF A PRIVATE ENRICHMENT COMPANY BE ASSURED BY THE GOVERNMENT? END TEXT. COMMENT: OBOUSSIER WOULD CLEARLY PREFER TO DEAL WITH THE AEC RATHER THAN WITH PRIVATE INDUSTRY FOR HE FEARS THE USG WILL NOT BE IN A POSITION TO EFFECTIVELY ENFORCE NONDISCRIMINATORY STATUTES ON A TIMELY BASIS. END COMMENT. JOHNSTON

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## Message Attributes

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